GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:1850
ANSWERED ON:28.11.2016
Trade Development Programme
Tharoor Dr. Shashi

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the details of the "Five Year Development Programme for Economic and Trade Co-operation" for promoting balanced sustainable development of economic and trade relations between India and China;
(b) whether this bilateral strategy has been successful in controlling India"s trade deficit with China;
(c) if so, the details thereof; and
(d) if not, the reasons therefor?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (INDEPENDENT CHARGE)
(SMT. NIRMALA SITHARAMAN)

(a): The "Five-Year Development Program for Economic and Trade Cooperation", signed between India and China during the visit of Chinese President Xi Jinping to India in September 2014, provides a non-legally binding comprehensive roadmap for promoting balanced and sustainable development of economic and trade relations between India and China during the period 2014-19. The Program includes overall appraisal of China-India relations, potentials and issues in bilateral trade and investment as well as cooperation in implementation of industrial parks, infrastructure projects etc. The detailed document is also available on the website at http://commerce.nic.in/DOC/InnerContent.aspx?Type=InternationalTrademenu&Id=32

(b)to (d): The Five Year Program is a joint statement that recognizes and states "that trade deficit with China is a matter of high concern for India. Against this background and in the spirit of mutual benefit, India and China shall endeavour to strengthen cooperation and gradually achieve bilateral trade balance over the next 5 years. India and China shall further endeavour to increase bilateral trade in services particularly Information Technology (IT) & Information Technology Enabled Services (ITES) in the next 5 years."

Thereafter, a Joint Working Group (JWG) on Information Technology (IT) has been constituted under the MoU between the Ministry of Communications and Information Technology of the Republic of India and Ministry of Industry & Information Technology of the People"s Republic of China on co-operation in the field of Information and Communication Technology. The first meeting of this JWG was held on 15th -16th December, 2014 where two countries deliberated to further promote Indian IT and ITES exports to China.Efforts to increase overall exports by diversifying the trade basket with emphasis on manufactured goods, services, resolution of market access issues and other non-tariff barriers is an ongoing process. This is done through bilateral meetings and institutional dialogues. Indian exporters are encouraged to participate in major trade fairs in China and other countries to show-case Indian products.

However, the trade deficit is attributable to the relative demand for imports in India and China for each other's goods. Increasing trade deficit with China can be attributed primarily to the fact that Chinese exports to India rely strongly on manufactured items to meet the demand of fast expanding sectors like telecom and power, while India's exports to China are characterized by primary and intermediate products. The major imports from China are products such as telecom instruments, computer hardware and peripherals, fertilizers, electronic components/instruments, project goods, organic chemicals and drug intermediates, consumer electronics, electrical machinery and equipments, iron and steel etc. These imports feed the growing demand in India for such goods which China, due to variety of reasons, is able to export to India at competitive prices.
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